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## **Form ADV, Part 2A Brochure**

June 20th, 2018

This brochure provides information about the qualifications and business practices of Walker Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (949) 367-1961 or by email at [scott@walkerfinancial.com](mailto:scott@walkerfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Walker Financial Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 2 – Material Changes** – The assets under management threshold of \$110 million was exceeded as of 12/31/17, so the firm will register with the S.E.C. as an investment advisor, prior to 6/30/17.

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## **Item 4 – Advisory Business**

### **COMPANY OVERVIEW:**

Walker Financial Advisors, Inc.'s mission is to build and preserve our client's wealth through prudent investment and tax strategies. Scott Walker founded the company in 1986 as a Registered Investment Advisor to provide financial advice and wealth management services on a fee-only basis. Walker Financial Advisors, Inc. (Walker Financial Advisors, Inc.) primary function is to manage money on a discretionary basis for our clients. We specialize in portfolio design and investment selection primarily for professionals, business owners, and high net worth individuals. Portfolio managers, Scott Walker and Warren Isenberg are both Certified Financial Planner™ professionals, and work as a team. They espouse a conservative balanced asset allocation philosophy focused on preserving capital and controlling downside risk. We have specialized expertise with trusts, and tax-advantaged retirement plan accounts including but not limited to 401(k)'s, Rollover IRA's, and Roth IRA's. All client assets are held at Schwab Advisor Services in separate accounts registered under the client's name. The firm's fee-only compensation approach assures objective and unbiased advice and recommendations.

As of 12/31/2017, Walker Financial Advisors, Inc. had \$129,058,124 in assets under management. That total consists of \$109,291,926 managed on a discretionary basis for 118 clients, with the remainder held in a governmental deferred compensation plan for the City of Costa Mesa, CA which is managed on a non-discretionary basis.

Walker Financial Advisors, Inc. operates as a California corporation with 100% of the company stock held by the Walker Family Trust dated 8/14/1996.

### **ADVISORY SERVICES OFFERED:**

#### **ASSET MANAGEMENT:**

This is our primary service offering for individual investors that meet our relationship minimum of \$500,000. We first seek to identify each client's goals and objectives, risk tolerance, past investment experience, and overall financial position. We review and analyze assets, liabilities, cash flow, and current tax position. Portfolios are individually designed and typically include a combination of individual securities, exchange-traded funds (ETF's), and actively managed no-load mutual funds. Existing holdings are reviewed in the portfolio design process, and are not automatically sold. A written investment policy statement is completed specifying allocation guidelines (i.e., maximum % to equity investments) and noting any client imposed constraints. Ancillary financial planning advice is provided at no additional charge.

#### **FINANCIAL ADVICE:**

For those not meeting our minimum account size of \$500,000 for asset management, or those who desire advice on a one-time or stand-alone basis, we offer this agreement under an hourly or flat-fee arrangement.

Financial plans are offered for a flat-fee and typically address a specific issue in the areas of investment management, tax planning, retirement planning, estate planning, or risk management (insurance analysis). Services under this agreement are one-time in nature and do not include the ongoing supervision, monitoring, or periodic review of investments.

#### **457(b) GOVERNMENTAL DEFERRED COMPENSATION PLANS:**

Walker Financial Advisors, Inc. also does business as California 457 Benefits (CA 457). Under CA 457, we provide plan administration, investment advice, and employee services to governmental deferred compensation plans. Plan administration services include ongoing regulatory compliance support, contribution processing, daily account valuation and reconciliation, inquiry resolution, along with plan and data maintenance. Investment advice includes review and compliance with the plan Investment Policy Statement, and designing an appropriate mix of investment options so the plan sponsor meets its fiduciary duty to employee participants. Employee services include group educational meetings followed by individual consultations to discuss asset allocation and provide investment advice. Participant enrollment, emergency hardship withdrawals, distribution planning and processing, and beneficiary changes are also provided.

### **Item 5 – Fees and Compensation**

Walker Financial Advisors, Inc. is compensated on a fee-only basis by our clients. Clients will receive quarterly statements from Walker Financial Advisors, Inc. showing the amount of the fee, the value of assets on which the fee was based, and how the fee was calculated. The quarterly fee is adjusted for cash deposits and withdrawals made during the previous quarter. Walker Financial Advisors, Inc. will not accept any securities commissions or mutual fund expense reimbursement payments to avoid any conflicts of interest. As a fiduciary, we endeavor to minimize investment costs with the use of individual securities. We will also own ETF's and no-load funds. Clients invested in those funds do pay a fund management fee in addition to our advisory fee. We present net performance numbers each quarter, so all fees are taken into account. For convenience purposes, client authorizes Schwab to pay Walker Financial Advisors, Inc. quarterly management fees directly from client account.

#### **Asset Management Agreement:**

The client investment management fee is based on an annual percentage of assets managed and is calculated and billed quarterly in advance. The annual fee for new accounts is as follows:

First \$500,000	-	1.00%
Next \$500,000	-	0.75%
Over \$1,000,000	-	0.50%
Over \$5,000,000	-	0.25%

Each client is subject to a minimum fee of \$1250 per quarter. All accounts are aggregated per client to qualify for fee discounts. Under special circumstances, fees are negotiable. Qualified prospective clients are entitled to an initial one-hour courtesy consultation.

**Financial Advisory Agreement:**

Hourly consulting fees are \$250 per hour for Warren Isenberg, and \$300 per hour for Scott Walker.

Flat-fees for financial planning will vary depending upon the complexity and time involved. Fees typically range from \$1,000 to \$5,000 for specialty plans that address a specific issue. The fee range for comprehensive financial planning is \$5,000 to \$15,000. Flat fees will vary based on the complexity of the situation and estimated time commitment.

**457 Governmental Deferred Compensation Plan Agreement:**

Fees are based on an annual percentage of plan assets and are calculated and paid quarterly in advance. The annual fee for new accounts is as follows:

First	\$30,000,000	-	0.25%
Next	\$20,000,000	-	0.15%
Over	\$50,000,000	-	0.10%

Plans are subject to a minimum fee of \$10,000 per quarter. CA 457 may sub-contract with outside firms to provide record keeping and/or plan administrative services.

Any of our agreements may be terminated by either party at any time without cause. Termination shall consist of written notice to such effect. Walker Financial Advisors, Inc. will reimburse terminated clients on a prorated basis for fees paid in advance when the termination occurs before the fee is earned.

**ADDITIONAL COMPENSATION:**

Schwab Adviser Services (SAS) makes available to Walker Financial Advisors, Inc. other products and services that benefit Walker Financial Advisors, Inc. Many of these products and services assist Walker Financial Advisors, Inc. in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, and provide securities research, pricing information, and other market data. Walker Financial Advisors, Inc. receives discounts and fee waivers from SAS on computerized portfolio management services and educational events organized and /or sponsored by SAS.

**Item 6 – Performance-Based Fees and Side-By-Side Management**

Walker Financial Advisors, Inc. does not charge or accept performance-based fees based on a share of the growth in value of a client account.

## **Item 7 – Types of Clients**

Walker Financial Advisors, Inc. provides investment and wealth management services primarily to professionals, business owners, corporate executives, and high net worth individuals. In addition, we advise and manage money for trusts, pension and profit-sharing plans and 457(b) governmental deferred compensation plans. Our minimum relationship account size is \$500,000 for individual asset management.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Investment Management Strategies:**

We espouse a balanced conservative approach that is geared to minimize down-side risk while providing competitive total returns on the upside through a combination of interest, dividends, and capital appreciation. We diversify among asset classes and industries with a tax-sensitive approach designed around the needs of the client. Following an initial meeting, either Scott Walker or Warren Isenberg will recommend appropriate allocation targets and investment alternatives based on your personal situation, objectives and risk tolerance. For client accounts we will buy individual stocks and bonds, exchange-traded funds (ETF's), and institutional share classes of actively managed no-load mutual funds.

We prefer blue chip common stocks that pay dividends, and have a history of dividend increases. We look to buy when a security has come under pressure and is trading at a favorable valuation. We typically favor strong balance sheets with low debt. We also favor companies where we have personal experience or knowledge of the company's products or services. For actively managed funds, our selection criteria include strong relative performance versus peers, continuous manager tenure with a consistent process, low turnover, and a low expense ratio. ETF's provide tax-efficient low-cost access to diversified baskets of securities with targeted exposure to industry sectors.

We add value with fixed-income securities by purchasing individual bonds (tax-exempt municipal, corporate, and U.S. Treasuries). We build bond ladders with staggered maturities. The maturity date with an individual bond provides an element of certainty regarding return of principal that funds do not provide.

When economic and market conditions warrant, we may also own preferred stocks, real estate investment trusts (REIT's), and closed-end bond funds. These securities provide current income and diversification benefits. Our goal is to make money for our clients, but past performance is no guarantee of future results, and investing in securities may involve the risk of loss that clients should be prepared to bear.

## **Item 9 – Disciplinary Information - None to report.**

## **Item 10 – Other Financial Industry Activities and Affiliations**

Walker Financial Advisors, Inc. also does business as California 457 Benefits. CA 457 is a wholly-owned division of Walker Financial Advisors, Inc. that serves as a third-party administrator to governmental deferred compensation plans. CA 457 has an existing relationship with the City of Costa Mesa, CA.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Walker Financial Advisors, Inc. has adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Walker Financial Advisors, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Subject to satisfying this policy and applicable laws, officers and employees of Walker Financial Advisors, Inc. may trade for their own accounts in securities which are recommended to and/or purchased for Walker Financial Advisors, Inc.'s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Walker Financial Advisors, Inc. will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Walker Financial Advisors, Inc. and its clients.

Certain Walker Financial Advisors, Inc. affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Walker Financial Advisors, Inc.'s obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Walker Financial Advisors, Inc. will retain records of the trade order (specifying each participating account) and its allocation. Walker Financial Advisors, Inc.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Olivia Goldson at [olivia@walkerfinancial.com](mailto:olivia@walkerfinancial.com).

## **Item 12 – Brokerage Practices**

Walker Financial Advisors, Inc. will establish a brokerage account in the client's name with Schwab Adviser Services (SAS), a division of Charles Schwab & Co., Inc. a registered broker/dealer. Walker Financial Advisors, Inc. and SAS are separate, unaffiliated entities. SAS provides Walker Financial Advisors, Inc. with access to its institutional trading and operations services not available to Schwab's retail customers. SAS services include brokerage, custody, research, access to mutual funds and other investments that are otherwise generally available only to institutional investors and require a significantly higher minimum initial investment than retail oriented products. Walker Financial Advisors, Inc. does not share in any Schwab commission or transaction fee.

Clients authorize Walker Financial Advisors, Inc. to act under a limited power of attorney to execute trades through a discretionary arrangement. Walker Financial Advisors, Inc. will ordinarily determine which securities are purchased or sold for client accounts and the amount of such purchases and sales. Our authority may be limited by specific instructions from the client to restrict or prohibit transactions in certain securities. Clients may purchase no-load mutual funds directly from the fund sponsor and not incur a \$15 transaction fee associated with



a purchase or sale made through Schwab. We prefer to buy the lowest expense share class offered by a fund and pay the small transaction fee.

Under the Schwab arrangement, Walker Financial Advisors, Inc. may be authorized to direct that funds be disbursed from a client account. Such disbursements may only be directed to the client's address of record or to a financial institution specifically for the client's benefit.

### **Item 13 – Review of Accounts**

Scott Walker and Warren Isenberg review client accounts on a regular basis, with security prices monitored on a daily basis. They work as a team developing strategies and managing assets. Together Mr. Walker and Mr. Isenberg manage 118 client relationships and 300 active accounts. Both Mr. Walker and Mr. Isenberg conduct extensive securities research and ongoing analysis for the firm.

Changes in portfolio holdings may be triggered by various factors. Being flexible and open to new information is very important. We constantly evaluate our existing positions versus their peer group and competing investments. When a better opportunity is discovered, an existing holding may be sold to free up money for the new position. Each day we monitor fundamental and technical data on all our holdings. With individual stocks, when a position moves against us we will look to cut a loss at 10% below our cost to avoid a larger drawdown. On the upside, when our target price is reached we will typically sell shares to withdraw our original investment, and let the profit ride, assuming our original thesis is still intact. For taxable accounts, year-end tax-loss harvesting to offset realized gains is always evaluated.

Clients receive detailed reports on a quarterly basis from Walker Financial Advisors, Inc.. Graphical reports show client's current asset allocation, and portfolio value versus cumulative net investment. A Portfolio Performance Review provides total percentage returns over various time periods net of all fees. A Portfolio Statement provides all pertinent information on each holding by account. A Portfolio Position Summary shows the quarterly returns for each holding. A Cash Reconciliation report summarizes all transactions for the quarter. The Billing Summary shows how Walker Financial Advisors, Inc.'s management fee was calculated and the total amount billed.

We typically meet with clients on an annual basis, however clients may schedule review sessions at any time.

### **Item 14 – Client Referrals and Other Compensation**

Referrals from client's and other professional advisors provide our primary source of new business. We do not offer any compensation to existing clients or other advisors for new client referrals.

### **Item 15 – Custody**

Charles Schwab & Co., Inc. ("Schwab") is a registered broker-dealer, and is not affiliated with any advisor(s) whose name(s) appear(s) on this Web site. "Walker Financial Advisors, Inc." is independently owned

and operated. Schwab neither endorses nor recommends any particular advisor or investment strategy. "Walker Financial Advisors, Inc." provides investment advisory services for your account. Schwab has agreements with "Walker Financial Advisors, Inc." under which Schwab provides "Walker Financial Advisors, Inc." with services related to your account. Schwab does not review the "Walker Financial Advisors, Inc." Web site, and makes no representation regarding the content of the Web site. The information contained in the "Walker Financial Advisors, Inc." Web site should not be considered to be either a recommendation by Schwab or a solicitation of any offer to purchase or sell any securities.

Schwab Adviser Services is used as the custodian for client funds. The Charles Schwab Trust Company serves as custodian under our 457 plan offering. Please contact our office for a summary of Schwab's discounted commission rates.

Individual municipal or corporate bonds may be purchased or sold from broker/dealers other than Schwab when more favorable pricing or yields exist. A \$15 Schwab fee is charged on these "Prime Broker" trades.

All client accounts are registered in the name of the client and held at Schwab Adviser Services, so Walker Financial Advisors, Inc. will never have custody of client funds. Clients will receive monthly statements and trade confirmations for any buy or sell transaction directly from Schwab. Walker Financial Advisors, Inc. urges clients to carefully review such statements and compare the official custodial records to the account statements that Walker Financial Advisors, Inc. provides on a quarterly basis.

The Custody Rule defines "custody" as holding client or securities directly or indirectly or having any authority to obtain possession of them, as illustrated by three examples:

- Possession of client or securities (excluding checks drawn by clients and made payable to third parties) unless received inadvertently and returned to the sender promptly but in any case within three business days of receipt;
- Any arrangement (including a general power of attorney) under which the adviser is authorized or permitted to withdraw client or securities (including automatic deduction of fees) maintained with a custodian upon the adviser's instruction to the custodian; and
- Any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust) that gives the adviser or any of its supervised persons legal ownership of or access to client or securities.

If a related person of the adviser is appointed as trustee as a result of a family or personal relationship with the grantor or beneficiary of the trust, and not as a result of employment with the adviser, the role of the supervised person as trustee will not be imputed to the adviser; thus the adviser will not be deemed to have custody of such client's assets.

Advisers that open an account(s) with a qualified custodian on the client's behalf, either under the client's name or under the adviser's name as agent, are deemed to have custody, and must promptly notify the client in writing, detailing the qualified custodian's name, address and the manner in which the client's or securities are maintained.

Advisers deemed to have custody of client's or securities are generally required to obtain a surprise annual Examination. Advisers that are deemed to have custody solely as a result of their ability to directly debit advisory fees from clients' accounts are not subject to the annual surprise examination, however must have a reasonable belief, after "due inquiry", that the qualified custodian holding the client assets is sending a statement directly to the client, at least quarterly. In addition, Advisers that are general partners to limited partnerships, hedge or other pooled investment vehicles ("investment pool") may be exempt from the annual surprise examination provided that the investment pool is audited at least annually by an independent accountant that is both registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB") and the audited financial statements are distributed to each investor in the investment pool (or their independent representative) within 120 days of the fiscal year-end of the investment pool (180 days for fund of ).

#### **Item 16 – Investment Discretion**

Clients grant Walker Financial Advisors, Inc. discretionary authority to manage accounts on their behalf via a limited power of attorney that is incorporated in the Schwab new account application and Walker Financial Advisors, Inc.'s Asset Management Agreement. Clients may place parameters or restrictions on this authority with the Investment Policy Statement that is signed at the time an engagement is initiated.

#### **Item 17 – Voting Client Securities**

Walker Financial Advisors, Inc. accepts responsibility for voting proxies whenever requested by a Client or as required by law. Each Client's investment management agreement should specify whether Walker Financial Advisors, Inc. is to vote proxies relating to securities held for the Client's account. If the agreement is silent as to the proxy voting and no instructions from the client are on file, Walker Financial Advisors, Inc. will assume responsibility of proxy voting.

**Special Rule in the Case of ERISA Accounts.** Unless proxy voting responsibility has been expressly reserved and is being exercised by another "named fiduciary" for an ERISA plan Client, Walker Financial Advisors, Inc., as the investment manager for the account, must vote all proxies relating to securities held for the plan's account. Please refer to *ERISA Accounts* section below for further details.

In cases in which Walker Financial Advisors, Inc. has proxy voting authority for securities held by its advisory clients, Walker Financial Advisors, Inc. will ensure securities are voted for the exclusive benefit, and in the best economic interest, of those clients and their beneficiaries, subject to any restrictions or directions from a client. Such voting responsibilities will be exercised in a manner that is consistent with the general antifraud provisions of the Advisers Act, and the Proxy Voting rule, Rule 206(4)-6, as well as with Walker Financial Advisors, Inc.'s fiduciary duties under federal and state law to act in the best interests of its clients.

Walker Financial Advisors, Inc. as an investment adviser is a fiduciary that owes each of its client's duties of care and loyalty with respect to all services undertaken on the client's behalf. Walker Financial Advisors, Inc.'s policy is to vote the proxies of securities in client's accounts. Walker Financial Advisors, Inc. has adopted a policy to vote the securities in the best interest of the clients. Walker Financial Advisors, Inc. will generally vote for or against proposals as indicated below; however, Walker Financial Advisors, Inc. will exercise discretion at any

time when regular voting practice is inconsistent with client interests. Walker Financial Advisors, Inc. may refrain from voting a proxy when it is in the best interest of the client, e.g. if Walker Financial Advisors, Inc. determines that the cost of voting the proxy exceeds the benefit to the client.

## **Item 18 – Financial Information**

Walker Financial Advisors, Inc. has been in business since 1986 and foresees no financial issues or condition that may impair our ability to meet all contractual commitments to clients. Walker Financial Advisors, Inc. does not collect fees until the end of each quarter.